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FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC PRIORITY 1237
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 7264
RUEHLM/AMEMBASSY COLOMBO PRIORITY 7606
RUEHKA/AMEMBASSY DHAKA PRIORITY 2953
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5647
RUEHLO/AMEMBASSY LONDON PRIORITY 6743
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 3421
RUEHCI/AMCONSUL KOLKATA PRIORITY 4903
RUEHGV/USMISSION GENEVA PRIORITY 2508
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3789
RUEKJCS/SECDEF WASHDC PRIORITY
RHMFISS/CDR USPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
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SUBJECT: G.P KOIRALA STATURE IN NEPALI CONGRESS DECLINING

REF: KATHMANDU 1102

Classified By: Charge d'Affaires, a.i., John M. Ordway. Reasons 1.4 (b/d).

11. (C) Senior Nepali Congress leaders no longer trust party President G.P. Koirala, believing he would "sell out" the party to promote his daughter, Deputy PM and ForMin Sujata Koirala. Nepali Congress Joint General Secretary and Spokesman Arjun Narsingh K.C. told P/E Chief January 4 that the party leadership no longer allows G.P. Koirala alone to represent the party in meetings because of his "unpredictability." For example, the Nepali Congress senior leaders are trying to avoid the formation of a high-level political mechanism, not because they are opposed to the concept, but because they do not trust Koirala to protect party interests. This strategy has put K.C. and other party leaders at sharp odds with Sujata Koirala, who is trying to use her father's (waning) influence to secure her political future (reftel).

12. (C) The upcoming Nepali Congress internal election, tentatively scheduled for April, will lead to new leadership that will "move the party forward" and away from the "family-dominated system," K.C. predicted. K.C. said that Sher Bahardu Deuba and Sushil Koirala will run for party president, and said that the party's youth movement is lobbying him to put his hat in the ring as well. K.C. frankly admitted that the United Communist Party of Nepal-Maoist is outmaneuvering the Nepali Congress and Communist Party of Nepal-United Marxist Leninist (UML) politically. The Congress and UML are "more reactive than proactive," constantly responding to the Maoist agenda.

13. (C) According to K.C., the January 1 agreement with the United Communist Party of Nepal-Maoists and Communist Party of Nepal-United Marxist Leninist (UML) on an agenda for talks is a positive step, but he was skeptical that the discussions would lead to concrete progress. K.C. said that UML and Congress are open to sharing power with the Maoists, but only after the Maoists demonstrate their commitment to democratic principles, such as returning seized property, reining in the Young Communist League, and releasing control of combatants. Asked why the Maoists allowed parliament to reopen, K.C. cited three factors: the frustration of the "common people" with Maoist street protests; the international pressure, particularly from the United States; and the Maoist belief that they could "play politics" in parliament, successfully

dividing the Congress or UML.

¶4. (C) Comment: Koirala's declining influence in the Nepali Congress has two main consequences. First, it complicates the efforts to conclude the peace process. Koirala's (and Prachanda's) personal leadership drove the original peace agenda, with Koirala bringing his skeptical party along. Without Koirala's strong voice, reaching consensus within the party and with the Maoists becomes more difficult. Second, the end of G.P. Koirala's long reign as party president will create a vacuum at the top of the party. This could open opportunities for new, energetic leaders to emerge -- something desperately needed -- or could lead to the fragmentation and perhaps even the end of the Nepal's longest-standing democratic party. End Comment.
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